

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6225

BILL NUMBER: HB 1409

NOTE PREPARED: Nov 21, 2008

BILL AMENDED:

SUBJECT: Loan Broker Commission.

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: *Loan Broker Commission (LBC)*- The bill creates the 13-member Loan Broker Commission, consisting of the Securities Commissioner and 12 members appointed by the Governor, including one member representing each of the state's congressional districts.

LBC Responsibilities- The bill requires the LBC to oversee the: (1) licensing of loan brokers; (2) registration of originators; and (3) registration of principal managers.

(Current law requires the Securities Commissioner of the Office of the Secretary of State (SOS) to oversee the licensing and registration of loan brokers, originators, and principal managers.)

Appointment of Members- The bill sets forth procedures for the appointment of the initial members of the LBC.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: *Creation of LBC*- The LBC would have 13 members. The Chair would be either the Securities Commissioner or the Commissioner's designee. Members who are not state employees would be eligible for the minimum salary per diem and travel expenses. State employees on the LBC would be entitled to travel and other expenses incurred in the line of duty to the LBC. The LBC would assume several of the current duties of the Securities Commissioner.

Funds to pay for the LBC would be supplied by the Loan Broker Regulation Account (LBRA) within the state General Fund. However, the cost of investigations made by the LBC would be paid from the Securities

Division Enforcement Fund (SDEF).

The bill outlines the chair's responsibilities as:

- (1) providing reasonable notice to all commission members of upcoming meetings.
- (2) keeping records of votes and other proceedings during meetings.
- (3) keeping current files of all licenses, licensees, registrations, and registrants.
- (4) performing any other duties that the LBC prescribes.

The LBC would be required to meet at least once annually. Any eight members would be able to request a meeting, or the Chair could call a meeting at any time. The Chair would be responsible for setting the date, time, and place for all LBC meetings.

LBC Responsibilities- In order to carry out its administrative duties, the LBC would be allowed (under Budget Agency approval) to hire and pay attorneys, investigators, accountants, clerks, stenographers, and other necessary employees. Any hired staff would be paid from appropriations made from the state General Fund. The impact of this provision would depend on the number of new staff members approved and the amount of any appropriation made by future General Assemblies.

Background: Loan Broker Regulation Account- The LBRA was appropriated \$45,219 for FY 2009 by the General Assembly. The LBRA received \$253,210 in revenue from fees and licenses, had expenditures of \$225,462, and received an allotment for personal services of \$223,351 during FY 2008.

Securities Division Enforcement Account- The SDEF General Fund appropriation is \$895,902 for FY 2009. The SDEF had revenues of \$64,326 and expenditures of \$1.2 M during FY 2008.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Secretary of State (Securities Commission).

Local Agencies Affected:

Information Sources: Auditors Data via State Budget Agency. *State of Indiana List of Appropriations, July 1, 2007, to June 30, 2009.*

Fiscal Analyst: Chris Baker, 317-232-9851.